

## INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS ON Amendments to References to the Conceptual Framework in IFRS Standards

Comments should be submitted electronically by 14 September 2018 by either:

- Completing the web form survey available [here](#) (preferred), or
- Completing the questionnaire below and submitting it to EFRAG using the 'Comment publication link' in the news item available [here](#).

EFRAG has been asked by the European Commission to provide it with advice and supporting material on Amendments to References to the Conceptual Framework in IFRS Standards ('the Amendments'). In order to do so, EFRAG has been carrying out an assessment of the Amendments against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from their implementation in the European Union (the EU) and European Economic Area.

A summary of the Amendments is set out in Appendix 1 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

Before finalising its assessment, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interests of transparency, EFRAG will wish to discuss the responses it receives in a public meeting, so it is preferable that all responses can be published.

**EFRAG's initial assessments, summarised in this questionnaire, will be updated for comments received from constituents when EFRAG is in the process of finalising its *Letter to the European Commission* regarding endorsement of the Amendments.**

### Your details

1 Please provide the following details:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

INSTITUTO DE CONTABILIDAD Y AUDITORÍA DE CUENTAS

- (b) Are you a:

Preparer  User  Other (please specify)

Click or tap here to enter text.

- (c) Please provide a short description of your activity:

Standard setter

- (d) Country where you are located:

Spain

*Amendments to References to the Conceptual Framework in IFRS Standards  
Invitation to Comment on EFRAG's Initial Assessments*

- (e) Contact details, including e-mail address:

presidencia@icac.mineco.es

**The basis for EFRAG's assessment**

- 2 As a basis for its initial assessment, EFRAG assesses that:

- The changes mentioned in paragraph 6(b) of Appendix 2 of the (draft) endorsement advice would not have any practical effects on financial statements.
- The changes mentioned in paragraph 6(c) of Appendix 2 of the (draft) endorsement advice in theory could have some effect on financial statements but such effect would be minor and would arise only in very limited circumstances.
- The changes mentioned in paragraph 6(d) of Appendix 2 of the (draft) endorsement advice would have some practical effect on entity's accounting policies in particular cases but such effects are not expected to be widespread.

- (a) Do you agree with this assessment?

Yes     No

If you do not agree, please provide your arguments and what you believe the implications of this could be for EFRAG's endorsement advice.

We do not support the assesement because of the maintenance of references to different conceptual frameworks. The proposed amendments imply that the annual accounts elements meet the former frameworks definitios but not the new ones and vice versa. In consequence, the coexistence of different conceptual frameworks in order to define annual accounts elements compromise the standards uniformity.

- (b) If you are a preparer of financial statements, would the Amendments affect the financial statements you prepare?

Yes     No     Not sure

If the financial statements you prepare would or could be affected by the Amendments, please state which accounting policies may be affected.

Click or tap here to enter text.

**EFRAG's initial assessment with respect to the technical criteria for endorsement**

- 3 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, the Amendments are not contrary to the principle of true and fair view and meet the criteria of understandability, relevance, reliability, comparability and lead to prudent accounting. EFRAG's reasoning is set out in Appendix 2 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

- (a) Do you agree with this assessment?

Yes     No

*Amendments to References to the Conceptual Framework in IFRS Standards  
Invitation to Comment on EFRAG's Initial Assessments*

If you do not agree, please provide your arguments and what you believe the implications of this could be for EFRAG's endorsement advice.

See the answer to question 2 (a).

- (b) Are there any issues that are not mentioned in Appendix 2 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

Click or tap here to enter text.

### **The European public good**

- 4 In its assessment of the impact of the Amendments on the European public good, EFRAG has considered a number of issues that are addressed in Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

#### *Improvement in financial reporting*

- 5 EFRAG has identified that in assessing whether the endorsement of the Amendments is conducive to the European public good it should consider whether the Amendments are an improvement over current requirements across the areas which have been subject to changes (see paragraphs 3 - 4 of Appendix 3 of the accompanying *Draft Letter to the European Commission*). To summarise, EFRAG's initial assessment is that the Amendments are likely to improve the quality of financial reporting.

Do you agree with the assessment?

Yes     No

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

See the answer to question 2 (a).

#### *Costs and benefits*

- 6 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this invitation to comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 6 - 15 of Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that the Amendments would result in some initial costs only for few preparers (as it is assessed that preparers do normally not develop accounting policies on the basis of the Conceptual Framework) and the costs of these preparers are reduced by the requirement that retrospective application should only be applied to the extent that it would not be impracticable or would not involve undue cost or effort. EFRAG also assesses that the Amendments may result in some initial costs for some users.

*Amendments to References to the Conceptual Framework in IFRS Standards  
Invitation to Comment on EFRAG's Initial Assessments*

Do you agree with this assessment?

Yes     No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

See the answer to question 2 (a).

- 7 In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraph 16 - 18 of Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that users would benefit from accounting information based on the most recent thinking. In addition, users would benefit from the enhanced comparability. As a result of users benefitting from the Amendments, EFRAG assesses that the improved accounting information would also reduce the cost of capital for entities.

Do you agree with this assessment?

Yes     No

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

See the answer to question 2 (a).

- 8 EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments in the EU, as described in paragraph 7 above, are likely to outweigh the costs involved, as described in paragraph 6 above.

Do you agree with this assessment?

Yes     No

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

See the answer to question 2 (a).

*Overall assessment with respect to the European public good*

- 9 EFRAG has initially concluded that endorsement of the Amendments would be conducive to the European public good (see paragraphs 20 - 23 of Appendix 3 of the accompanying *Draft Letter to the European Commission*).

Do you agree with this conclusion?

Yes     No

If you do not agree, please explain your reasons.

See the answer to question 2 (a).